



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF REVENUE

State of Rhode Island Revenue Assessment Report
Year-to-Date FY 2010 through November 2009

Beginning in July 2009, the Rhode Island Department of Revenue (RI DOR) will publish a monthly revenue assessment report. This report compares revenue collections on a fiscal year-to-date basis to the Office of Revenue Analysis' fiscal year-to-date estimate of revenue collections based on the current fiscal year revenue estimate. It should be noted that the fiscal year revenue estimate will vary over the course of the fiscal year as the Revenue Estimating Conference (see RI General Law § 35-16-1) convenes and modifies the revenue estimates originally enacted by the General Assembly.

The purpose of the Revenue Assessment Report is to give readers a sense of how the state's revenue collections compare to those that might be expected if the official revenue estimate was being met in a predictable way. Caution should be exercised when interpreting this report as actual collections may vary significantly from past collection patterns. In addition, it is important for the reader to understand that enacted and adopted revenue estimates are made on an accrual not a cash basis. Revenue accruals are not determined until at least one month after the close of the fiscal year in June. Thus, even if the assessment of actual fiscal year-to-date revenue collections trails the fiscal year-to-date revenue estimates, it is possible for the fiscal year end accrual to make up any shortfall.

Fiscal Year-to-Date Estimate of Enacted FY 2010 Revenues

In order to determine the expected year-to-date revenue collections based on the revised FY 2010 revenue estimate adopted at the November 2009 Revenue Estimating Conference (REC), the Office of Revenue Analysis first determines the average percentage of total collections that occurred in a given month over the past five fiscal years. For Inheritance and Gift taxes the past ten fiscal years are used. In the case of Other Miscellaneous Revenues and the Unclaimed Property transfer, the actual year-to-date collections are used due to the discrete and unpredictable nature of the timing of these receipts. These percentages are then applied to the November REC revised FY 2010 revenue estimate for each revenue item.

Thus, for example, the November REC revised revenue estimate for Sales and Use taxes for FY 2010 is \$751.0 million. The average percentage of total Sales and Use taxes that were collected through November of the fiscal year over the past five fiscal years is approximately 44.3 percent.

This percentage applied to the FY 2010 November REC revised estimate for Sales and Use taxes yields the Year-To-Date November Estimate of revised FY 2010 Sales and Use taxes of \$332.4 million. This process is repeated for all November REC revised revenue items except Other Miscellaneous Revenues and the Unclaimed Property Transfer.

The table below provides the rounded five year average percentages for year-to-date collections through November:

Revenue Item	Percent of Total Collected through Fiscal YTD	Revenue Item	Percent of Total Collected through Fiscal YTD
Personal Income Tax		Motor Vehicles	28.8 %
Estimated Payments	28.2 %	Motor Carrier Fuel	32.0 %
Final Payments	11.9 %	Cigarettes	43.3 %
Withholding Payments	38.7 %	Alcohol	43.3 %
Refunds Paid	14.1 %	Inheritance & Gift	42.7 %
Business Corporations Taxes	12.3 %	Racing & Athletics	43.2 %
Public Utilities Gross Earnings	1.0 %	Realty Transfer	48.1 %
Financial Institutions Taxes	24.5 %	Departmental Rcpts.	34.0 %
Insurance Co. Gross Premiums	0.1 %	Gas Tax Transfer	n/a
Bank Deposits	3.2 %	Lottery	33.2 %
Health Care Provider Assessment*	41.5 %	Other Misc. Revs.	n/a
Sales and Use Tax	44.3 %	Unclaimed Property	0.0 %
* Due to the repeal of the Health Care Provider Assessment as it applies to residential services provided to individuals with developmental disabilities, the percentage shown is for only the nursing care facilities component of the Health Care Provider Assessment.			

It should be noted that due to statutory changes enacted by the General Assembly and signed by the Governor, the FY 2010 Health Care Provider Assessment consists only of an assessment on nursing homes. In prior fiscal years, the Health Care Provider Assessment was also levied on group homes for the developmentally disabled. In addition, the "Percent of Total Collected through Fiscal YTD" for Departmental Receipts is calculated excluding Hospital Licensing Fee revenues, which are large, made only once in the fiscal year, and not always at the same time each fiscal year. Further, the General Assembly passed legislation signed by the Governor to stop the transfer of \$0.01 per gallon of the state's motor fuel tax to the general fund. Finally, the Lottery transfer does not begin in a given fiscal year until August while the Unclaimed Property transfer occurs in June of each fiscal year.

The revised FY 2010 revenue estimates adopted at the November 2009 Revenue Estimating Conference by revenue item are as follows:

Revenue Item	Revised FY 2010 Estimate	Revenue Item	Revised FY 2010 Estimate
Personal Income Tax		Motor Vehicles	\$48,600,000
Estimated Payments	\$184,500,000	Motor Carrier Fuel	1,000,000
Final Payments	177,200,000	Cigarettes	140,300,000
Withholding Payments	854,000,000	Alcohol	11,000,000
Refunds Paid	(295,000,000)	Inheritance & Gift	26,400,000
Business Corporations Taxes	94,100,000	Racing & Athletics	2,000,000
Public Utilities Gross Earnings	120,000,000	Realty Transfer	6,500,000
Financial Institutions Taxes	2,000,000	Departmental Rcpts..	342,000,000
Insurance Co. Gross Premiums	80,000,000	Gas Tax Transfer	0
Bank Deposits	1,800,000	Lottery	351,900,000
Health Care Provider Assessment	34,900,000	Other Misc. Revs	8,500,000
Sales and Use Tax	751,000,000	Unclaimed Property	5,200,000
		Total General Revenues	\$2,946,400,000

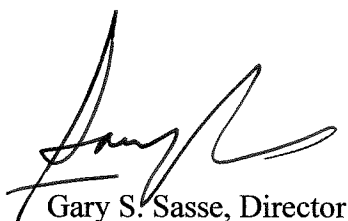
Results for the First Five Months of FY 2010

The attached table gives the results for the first five months of FY 2010. As is apparent from the table, the Department of Revenue finds that adjusted year-to-date November cash collections for Total General Revenues are more than expected revenue collections based on the November 2009 REC revised FY 2010 revenue estimates by \$579,742, or 0.1 percent. In Total Taxes, the variance from November 2009 REC revised expected revenues is \$6.1 million, or 0.7 percent. For Taxes and Departmental Receipts, the difference from revised expected revenues is \$1.9 million or 0.2 percent. For Other General Revenue Sources, fiscal year-to-date adjusted cash collections lag the revised estimate by \$1.3 million or -1.1 percent.

It is important to note that five revenue items have adjusted cash collections that exceed revised expected revenues by \$1.0 million or more. Within taxes, adjusted Sales and Use tax cash collections are greater than revised expected cash collections by \$14.3 million. In November, the principals of the Revenue Estimating Conference revised estimated collections downward by 7.9 percent when compared to the estimate enacted in June 2009 based in part on the one-time receipt of sales taxes on automobiles from the federal “Cash for Clunkers” program. This report makes no correction for this one-time influx of sales tax receipts. Public Utilities Gross Earnings taxes exceed revised expected cash collections by \$4.9 million. This is due in large part to a \$2.1 million “safe harbor” payment received in October from a taxpayer. Financial Institutions taxes are greater than revised expected cash collections by \$1.8 million. The Insurance Companies Gross Premiums tax payments exceed anticipated revised revenues by \$1.3 million. It should be

noted that fiscal year-to-date Insurance Companies Gross Premiums tax adjusted cash collections include \$3.1 million of reimbursed Historic Structures Tax Credits. Finally, the Health Care Provider Assessment on nursing care facilities is greater than revised anticipated collections by \$1.3 million. Personal Income taxes, Bank Deposits taxes, Motor Vehicle License and Registration Fees, Alcohol excise taxes, Inheritance taxes, and Realty Transfer taxes all exceed their respective revised expected estimates, based on the November 2009 Revenue Estimating Conference, but by less than \$1.0 million.

On the negative side, fiscal year-to-date adjusted cash collections for Business Corporations taxes are \$18.1 million below revised expected collections or -157.0 percent. Business Corporations adjusted cash receipts include \$50,000 of reimbursed Historic Structures Tax Credits. Fiscal year-to-date Departmental Receipts adjusted cash collections trail revised expected revenues by \$4.1 million, or -5.5 percent. Finally, the Lottery Transfer to the general fund lags November 2009 REC revised expected collections by \$1.3 million or -1.1 percent through the first five months of the fiscal year. No other revenue items' adjusted cash collections trail expected November 2009 revised revenues by \$1.0 million or more.

A handwritten signature in black ink, appearing to read 'Gary S. Sasse', is positioned above the printed name and title.

Gary S. Sasse, Director
Department of Revenue

December 7, 2009

STATE OF RHODE ISLAND REVENUE ASSESSMENT REPORT
Year-to-Date Estimate to Actual

	YTD November Estimate of FY 2010	YTD November Adjusted Cash FY 2010	Difference	Variance
Personal Income Tax	\$ 361,996,161	\$ 362,698,831	\$ 702,671	0.2%
General Business Taxes				
Business Corporations	11,548,593	(6,584,985)	(18,133,578)	-157.0%
Public Utilities Gross Earnings	1,181,636	6,084,946	4,903,310	415.0%
Financial Institutions	490,889	2,341,409	1,850,520	377.0%
Insurance Companies	2,079	1,260,491	1,258,412	60528.2%
Bank Deposits	58,351	336,476	278,125	476.6%
Health Care Provider Assessment	14,157,454	15,468,817	1,311,363	9.3%
Excise Taxes				
Sales and Use	332,397,953	346,737,924	14,339,971	4.3%
Motor Vehicle	13,974,566	14,561,359	586,793	4.2%
Motor Fuel	320,226	137,478	(182,748)	-57.1%
Cigarettes	60,836,985	60,137,855	(699,130)	-1.1%
Alcohol	4,766,321	4,714,239	(52,082)	-1.1%
Controlled Substances	-	-	-	-
Other Taxes				
Inheritance and Gift	11,266,115	11,354,625	88,510	0.8%
Racing and Athletics	864,804	666,152	(198,652)	-23.0%
Realty Transfer	3,124,781	3,125,573	792	0.0%
Total Taxes	\$ 816,986,914	\$ 823,041,190	6,054,276	0.7%
Total Departmental Receipts	\$ 75,042,477	\$ 70,897,656 *	(4,144,821)	-5.5%
Taxes and Departmentals	\$ 892,029,391	\$ 893,938,846	1,909,456	0.2%
Other General Revenue Sources				
Gas Tax Transfer	-	-	-	
Other Miscellaneous Revenues	84,732 **	84,732	-	0.0%
Lottery Transfer	116,796,935	115,467,221	(1,329,714)	-1.1%
Unclaimed Property	- **	-	-	
Total Other Sources	\$ 116,881,667	\$ 115,551,953	(1,329,714)	-1.1%
Total General Revenues	\$ 1,008,911,057	\$ 1,009,490,799	579,742	0.1%

* Adjusts out \$121,542,759 in Hospital Licensing Fees and \$6,097,078 in Disproportionate Share revenues received in July 2009 for FY 2009.

** Set equal to actual amounts received due to receipt of transfers in June.

PIT Component	YTD Estimates	YTD Actuals	Difference	Variance
Estimateds	\$ 52,081,938	\$ 45,132,488	\$ (6,949,450)	-13.3%
Finals	21,028,594	33,571,422	12,542,828	59.6%
Withholding	330,384,267	338,278,489	7,894,221	2.4%
Refunds	(41,498,638)	(54,283,567)	(12,784,929)	30.8%
Total	\$ 361,996,161	\$ 362,698,831	\$ 702,671	0.2%